



EMPLOYEE BULLETIN

EB No. 1351

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RETIREMENT BUDGET PROPOSALS

1. As the Congress works toward finalizing the new Supplemental Retirement Program for Federal employees hired after 1 January 1984, in all probability media focus will shift to the Administration's FY 1987 budget proposals for the current Civil Service Retirement System (CSRS). The purpose of this employee bulletin is to acquaint Agency personnel with these proposals and to provide the current status of the congressional reaction to them. To date, the Administration has not made any budget recommendations to alter the Central Intelligence Agency Retirement and Disability System (CIARDS) benefits.

2. The Administration has for the past 5 years proposed modifications to the CSRS and those changes have been consistently rejected in subsequent congressional review. For FY 1987, the Administration's retirement proposals basically mirror those of past years and consist of the following:

a. Raise the retirement age for unreduced annuities from 55 to 62. Those retiring prior to age 62 would incur a 2 percent penalty for each year between age 55 and age 62. This change would be phased in over a 4-year period and would not affect anyone who is already 55.

b. Increase employee retirement contributions from 7 percent to 9 percent.

c. Eliminate the January 1987 cost-of-living adjustment (COLA) for retirees and reduce all future COLAs (the Consumer Price Index less 2 percent).

d. Change the annuity computation base from high-3 to high-5 (except for those within 5 years of eligibility for retirement).

e. Conform civil service survivor, adult student, and minimum benefits to those provided under Social Security.

3. The House Subcommittee on Compensation and Employee Benefits has already held hearings on the FY 1987 retirement budget proposals and again rejected the proposed changes. The full House Post Office and Civil Service Committee is expected to adopt the subcommittee's recommendations. While the budget deficit is a key issue in the Administration's proposals and is also of concern to Congress, the sense of these recent hearings suggests that the House does not support using retirement changes as a means of reducing the budget deficit. Senate hearings have not been held as of this time.

4. Agency management is very much aware of the importance of this issue to Agency employees and, as in the past, will stay closely abreast of events to ensure that the interests of the Agency and its employees are protected. As additional information is obtained, periodic updates on this subject will be provided.

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